



**Transportation  
Security  
Administration**

**OFFICE OF FINANCE AND ADMINISTRATION  
Financial Management**

**TSA MANAGEMENT DIRECTIVE No. 1000.1  
FINANCIAL MANAGEMENT AUTHORITY  
AND RESPONSIBILITY**

*To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.*

**REVISION:** This revised directive supersedes TSA MD 1000.1, *Financial Management Authority and Responsibility*, dated June 12, 2014.

**SUMMARY OF CHANGES:** Section 3, Authorities, updated; Section 4, Definitions, updated; Section 5, Responsibilities, revised to reflect Office of Finance and Administration organizational changes, deleted Chief Administrative Officer's Responsibility section and combined Administrative Officer's responsibilities with Section 5A; Section 6, Policy, updated to reflect current requirements; and added various administrative updates for clarification throughout directive.

- 1. PURPOSE:** This directive provides TSA policy and procedures regarding the authority and responsibility for ensuring that all financial management functions are performed in accordance with applicable laws, regulations and policies.
- 2. SCOPE:** This directive applies to TSA managers and personnel who perform financial management functions.
- 3. AUTHORITIES:**
  - A. Title 31 United States Code (USC) § 3515, Financial Statements of Agencies
  - B. Antideficiency Act (ADA), as amended (P.L. 97-258)
  - C. Aviation and Transportation Security Act (P.L. 107-71)
  - D. Chief Financial Officers Act of 1990, as amended (P.L. 101-576)
  - E. Department of Homeland Security (DHS) Financial Accountability Act (P.L. 108-330)
  - F. Federal Financial Management Improvement Act (FFMIA) of 1996 (P.L. 104-208)
  - G. Federal Information Security Management Act (FISMA) of 2002 (P.L. 107-347)
  - H. Federal Managers Financial Integrity Act of 1982 (FMFIA) (P.L. 97-255)
  - I. Government Management Reform Act of 1994 (P.L. 103-356)

- J. Government Performance and Results Act of 1993, as amended (P.L. 103-62)
- K. Government Performance and Results Modernization Act of 2010 (P.L. 111-352)
- L. Office of Management and Budget (OMB) Circular No. A-11, Preparation, Submission and Execution of the Budget
- M. OMB Circular No. A-123, Management's Responsibility for Internal Controls and Enterprise Risk Management
- N. OMB Circular A-134, Financial Accounting Principles and Standards
- O. OMB Circular A-136, Financial Reporting Requirements
- P. [DHS Component Requirements Guide for Financial Reporting](#)
- Q. [DHS FISMA System Inventory Methodology](#)
- R. [DHS Sensitive Systems Policy Directive 4300A](#)
- S. [TSA Financial Management Manuals \(TSA FMM\)](#)
- T. [TSA MD 1000.13, \*Funds Control\*](#)
- U. [TSA MD 1000.10-1, \*Management Control Program\*](#)

#### **4. DEFINITIONS:**

- A. Annual Financial Statement Audit: Audit of an agency's financial statements performed by the Office of Inspector General or their contractor for the purpose of expressing an opinion on the financial statements, internal controls and compliance with laws and regulations.
- B. Annual Financial Statements: Financial statements of a reporting entity as described in Section 3515 of Title 31 of the United States Code and OMB Circular No. A-136, as revised. The "Annual Financial Statements" of a reporting entity will consist of:
  - (1) Management's discussion and analysis (part of Required Supplemental Information (RSI)).
  - (2) Basic statements and related notes. The basic statements will include:
    - (a) Balance Sheet;
    - (b) Statement of Net Cost (SNC);

- (c) Statement of Changes in Net Position (SCNP);
  - (d) Statement of Budgetary Resources (SBR);
  - (e) Statement of Custodial Activity (SCA), if applicable;
  - (f) Statement of Social Insurance (SOSI), if applicable;
  - (g) Statement of Changes in Social Insurance Amounts (SCSIA), if applicable, and
  - (h) Related Note Disclosures
- (3) Required Supplementary Stewardship Information (RSSI), if applicable.
- (4) RSI, if applicable.
- C. Budget Execution: The activities related to the use of budget authority for funds appropriated or authorized by Congress, fees, and reimbursable funds. Includes the detailed planning of the use of the funds as well as the control of their use to assure that Congressional intent for the use of the funds is preserved.
- D. Financial Management: The planning, directing, organizing and controlling of financial resources; includes program analysis and evaluation, budget execution, accounting, funds control, financial reporting, audit follow-up, internal controls, asset management, real estate management, reimbursement processing, financial systems management, banking relationships, and issuance of financial policies and guidance.
- E. Financial Management Functions: Personnel resources, assets, budgets, and processes required to deliver mission and financial management services including activities related to the monitoring, reconciling, controlling and reporting of financial management processes including, but not limited to:
- (1) Funds control;
  - (2) Proper use and implementation of the TSA accounting line including use of object class codes;
  - (3) Property accounting functions including identifying equipment purchases, identifying cost, tracking disposal of equipment;
  - (4) Travel processing and accounting;
  - (5) Accounts receivable;
  - (6) Accounts payable;
  - (7) Advances and prepayments;

- (8) Managing and monitoring undelivered orders (UDO);
  - (9) Identifying and processing reimbursable and other transaction agreements with external organizations;
  - (10) Financial systems; and
  - (11) Training related to financial functions, systems and financial statement audit.
- F. Financial System: Any system, which is comprised of one or more applications used for any of the following: collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting the preparation of financial statements.
- G. Funds Control: A system of controls designed to ensure that appropriated funds, reimbursable funds, and fees are legally available for a given obligation or expenditure based upon the following factors:
- (1) The obligation and expenditure must be for the purposes for which the funds were appropriated;
  - (2) The obligation must occur within the time limits applicable to the appropriation; and
  - (3) The obligation and expenditure must be within the amounts Congress has established.
- H. Internal Control (also referred to as Management Control): As defined by the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:
- (1) Effectiveness and efficiency of operations;
  - (2) Reliability of financial reporting; and
  - (3) Compliance with applicable laws and regulations.

## **5. RESPONSIBILITIES:**

- A. The Assistant Administrator for Finance /Chief Financial and Administrative Officer is responsible for:

### Financial Responsibilities

- (1) Overseeing financial management activities within TSA and reporting on these activities to TSA officials, DHS, the Department of Treasury, OMB, Congress, and other external entities.

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- (2) Overseeing TSA's financial reporting activities to ensure the delivery of complete, accurate, consistent and timely financial information.
- (3) Serving as the primary point-of-contact with Congressional members and staff of the budget and appropriation committees and subcommittees as well as with the Congressional Budget Office.
- (4) Designating an Audit Liaison and Outreach Officer to manage the Financial Statement Audit and Financial Reporting Risk Assessment process for TSA.
- (5) Supporting the TSA Annual Financial Statement Audit throughout the audit cycle with the goal of achieving an unmodified audit opinion for TSA. Specifically, supporting the audit site visits, inventory of the TSA Logistics Center, and subsequent questions during TSA Annual Financial Statement Audit.
- (6) Coordinating with FMD on the establishment or modification of any processes with a financial reporting impact prior to their implementation.
- (7) Developing, managing, and supporting a goals-based financial management system for TSA.
- (8) Overseeing the financial integrity, formulation, execution, and analysis of TSA's annual budget.
- (9) Participating in the annual financial statement risk assessment process including submitting risk assessment reports to FMD.
- (10) Reconciling and validating the GSA billings for TSA leased space.
- (11) Providing accurate and timely information to FMD on acquisitions and dispositions of real property, construction, leasehold improvements, and equipment.

Administrative Responsibilities

- (12) Serving as the principal advisor to the Administrator and other DHS and TSA officials on matters relating to TSA's financial resources.
- (13) Serving as the Chairperson of the Management Control Council.
- (14) Preparing written information related to the appropriation process including, but not limited to testimony, questions and answers, questions for the record, and briefing books.
- (15) Coordinating with the Office of Information Technology (OIT) to identify and report potential financial systems to DHS.
- (16) Managing the accountability of all personal property owned by TSA, the fleet and transportation program, transit benefits, and Headquarters parking.

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- (17) Validating vehicle acquisitions and vehicle deliveries reconciled to obligations and invoices.
- (18) Ensuring that employees in their organization understand and comply with federal financial management laws and regulations, DHS and TSA directives, the TSA FMM, and related policies and procedures specifically as they pertain to facilities services including lease acquisitions; construction and renovation of tenant space; and furniture acquisition.
- (19) Evaluating all new real estate leases and occupancy agreements, including every instance of modification, for financial reporting impact; and maintaining a controlled data repository of validated and current financial reporting data to ensure collaboration and information sharing that support DHS financial reporting and audit requirements.
- (20) Ensuring all organizations are in compliance with the property management policies.
- (21) Leading and performing the annual inventory campaign.
- (22) Providing support and technical assistance for all safety, health, and environmental activities to TSA Headquarters, airports, and other field units including the reporting of and support for environmental liabilities.

**B. The Financial Management Division (FMD) is responsible for:**

- (1) Establishing operational procedures and standards applicable to TSA's financial activities.
- (2) Ensuring adequate safeguards exist to protect TSA assets; preventing/detecting errors and fraud; recording and reporting financial transactions timely, accurately and reliably; and establishing a viable internal control program.
- (3) Overseeing accounting activities; providing support to headquarters and field units regarding financial management matters; developing and maintaining effective financial systems; and preparing financial statements and reports. Accurate and timely financial reporting is critical as TSA senior leadership uses this financial information in their decision-making.
- (4) Providing financial management guidance, data, systems, and support services that fulfill the stakeholder requirements and customer needs.
- (5) Developing and maintaining guidance that complies with laws and regulations to TSA managers and staff have the proper tools to make informed financial management decisions.
- (6) Managing and leading the TSA Annual Financial Statement Audit activity and coordinating with organizations throughout TSA to support the audit and to achieve

favorable audit results for the organization.

- (7) Managing the existing financial systems used today at TSA as well as upgrades to financial systems, and the transition and implementation to standardized DHS software and business process solutions.
- (8) Coordinating with the TSA Office of Information Technology (OIT) to identify and report potential financial systems problems to DHS CFO annually.
- (9) Working closely with the financial system and accounting operations service provider (currently the United States Coast Guard Finance Center [FINCEN]) to ensure that TSA services are performed timely, accurately, and in accordance with the interagency agreement.
- (10) Leading and managing the day-to-day financial management activities, including, but not limited to funds control and program analysis; accounts payable and related accruals; advances and prepayments; property accounting; accounts receivable; travel; financial policy; TSA claims management; reimbursable funds control and processing; internal controls; and audit policy.
- (11) Preparing TSA's monthly, quarterly, and annual financial statements.
- (12) Providing training related to financial processes, systems and the financial statement audit.
- (13) Serving as a member of TSA's Management Control Council and other issue-specific task forces related to financial management.

C. All Assistant Administrators and equivalents are responsible for:

- (1) Ensuring that employees in their organization understand and comply with federal financial management laws and regulations, including DHS and TSA policies and procedures.
- (2) Creating a "tone at the top" that focuses on executing the agency's mission, complying with internal controls, and maintaining strong financial management that adheres to TSA's core values.
- (3) Monitoring the execution of financial management tasks by the organization's BMO and employees.
- (4) Assigning authorizing, approving, and certifying officials for funds control in accordance with TSA FMM 1.2.3, Accountable Officials and Responsibilities.
- (5) Managing current year funds to minimize carryover funds and lapsing funds.
- (6) Managing UDOs and cancelled appropriations for contracts and interagency agreements to ensure timely submittal for closeout.

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- (7) Appointing a staff member to serve as a liaison and coordinator for the annual financial statement audit.
- (8) Participating in the annual financial statement risk assessment process including submitting risk assessment reports for their organization to FMD.
- (9) Implementing financial management decisions to comply with applicable laws, regulations, policies, and procedures.
- (10) Supporting the TSA Annual Financial Statement Audit throughout the audit cycle with the goal of achieving an unmodified audit opinion for TSA.
- (11) Providing accurate and timely data to support the financial reporting and audit process when requested. Requests may be in the form of data calls, audit requests, or other requests for data.
- (12) Recording procured equipment into the Sunflower Asset Management System timely and accurately with the proper cost and location assigned and supporting documentation attached to the asset record. Resolving issues pertaining to equipment records (e.g., assets recorded with \$0 acquisition cost) on a timely basis. This includes equipment and fleet vehicles assigned to the organization. IT equipment procured by OIT will be entered into Sunflower by OIT; however, each organization is responsible for maintaining accountability.
- (13) Reconciling equipment purchases with deliveries. Supporting accurate financial reporting as of quarter-end and year-end by monitoring scheduled deliveries and validating that the equipment is recorded in the correct accounting period.
- (14) Ensuring that all potential internal use software (IUS) is tracked and data provided to OIT and FMD for IUS completeness and capitalization.
- (15) Confirming the system designation as financial or non-financial (for Information System Owners [ISOs] and coordinating with FMD and OIT).
- (16) Coordinating with FMD and OIT on any subsequent enhancements, modifications, or deletions of designated financial systems.
- (17) Complying with the DHS and TSA conference approval policies.
- (18) Following prescribed procedures for interagency agreements to ensure that agreements are in place before goods/services are provided or received.
- (19) Following prescribed procedures for interagency agreements to ensure that goods/services are received for amounts billed and supporting documentation is available.
- (20) Following prescribed procedures for miscellaneous obligations to ensure



miscellaneous obligation record (MOR) is submitted to FMD for approval and recording obligation timely.

- (21) Serving as their office's representative on the Management Control Council.
- (22) Providing reasonable assurance that internal controls in their offices are designed and operating effectively to ensure against known risks that would hamper effective and efficient operations, reporting results internally and externally, and compliance with laws and regulation.

**D. Business Management Offices are responsible for:**

- (1) Implementing the responsibilities identified under the Assistant Administrator or equivalent.
- (2) Maintaining a system of funds control that includes proper use of funds, ensuring availability of funds and not exceeding funds available, managing UDOs on active and inactive contracts and interagency agreements, and managing cancelling appropriations to minimize the funds actually cancelled at year-end.
- (3) Adhering to and implementing all applicable financial policies and procedures within their supported organization.
- (4) Ensuring that reimbursable agreements have been signed and processed through OFA (with advance received if required) prior to starting the reimbursable work.
- (5) Providing accurate and timely data to support the financial reporting and audit process when requested. Requests may be in the form of data calls, audit requests, or other requests for data.
- (6) Performing timely reconciliation and closeout of interagency agreements to ensure that TSA receives the goods/services procured and to timely de-obligate funds at the completion of the agreement.
- (7) Participating on TSA wide financial teams and councils to promote accountability, financial reporting and audit process and improvements to financial systems/processes.
- (8) Participating in financial processes, systems and audit training annually for staff that impact the financial reporting and audit processes.
- (9) Performing a risk assessment to determine the impact of new processes on financial reporting and the financial statement audit prior to implementing the new processes.
- (10) Following prescribed procedures for interagency agreements to ensure that goods/services are received for amounts billed and supporting documentation is available.

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- (11) Following prescribed procedures for miscellaneous obligations and ensure miscellaneous obligation record (MOR) is submitted to FMD for approval and recording obligation timely.
- E. Regional Directors, Federal Security Directors, and Supervisory Air Marshals in Charge (or equivalents) are responsible for:
- (1) Ensuring that employees in their organization understand and comply with federal financial management laws and regulations including DHS and TSA related policies and procedures.
  - (2) Implementing financial management decisions to comply with applicable laws, regulations, policies and procedures.
  - (3) Assigning authorizing, approving, and certifying officials for funds control in accordance with TSA FMM 1.2.3, Accountable Officials and Responsibilities.
  - (4) Supporting the TSA Annual Financial Statement Audit throughout the audit cycle with the goal of achieving an unmodified audit opinion for TSA. Specifically, supporting the audit site visits and subsequent questions during TSA Annual Financial Statement Audit.
  - (5) Providing accurate and timely data to support the financial reporting and audit process when requested. Requests may be in the form of data calls, audit requests, or other requests for data.
  - (6) Recording equipment into the Sunflower Asset Management System timely and accurately with the proper cost and location assigned and supporting documentation attached to the asset record.
  - (7) Reconciling equipment purchases with deliveries.
  - (8) Participating in financial trainings (process, systems, and audit) annually for staff that affects the financial reporting and audit processes.
  - (9) Performing a risk assessment to determine the impact of new processes on financial reporting and the audit prior to implementing the new processes.
  - (10) Providing reasonable assurance that internal controls in their offices are designed and operating effectively to ensure against known risks that would hamper effective and efficient operations, reporting results internally and externally, and compliance with laws and regulation.
  - (11) Complying with the DHS and TSA conference approval policies.
- F. The Office of Chief Counsel is responsible for:
- (1) Serving as the principal legal advisor to the CFO and FMD personnel.

- (2) Assisting with the review of financial statements, audits, financial reports to ensure compliance with fiscal law.
- (3) Providing accurate and timely data to support the financial reporting and audit process when requested. Requests may be in the form of data calls, audit requests, or other requests for data.
- (4) Participating in financial trainings (process, systems, and audit) annually for staff that affects the financial reporting and audit processes.
- (5) Maintaining, tracking, and reporting contingent legal liabilities as required in DHS Component Requirements Guide for Financial Reporting.

G. The Office of Information Technology (OIT) is responsible for:

- (1) Maintaining a complete list of potential IUS programs and reporting to FMD on a quarterly basis to ensure that all potential programs have been vetted for potential capitalization.
- (2) Managing the inventory of IT equipment and verifying IT equipment is recorded in SAMS on a timely basis.
- (3) Coordinating with FMD to identify and report potential financial systems to DHS.
- (4) Managing and overseeing an effective security architecture that protects TSA's information systems and networks from internal and external threats.
- (5) Ensuring compliance with applicable laws, rules and regulations, including the Government Performance and Results Act of 1993, the Clinger-Cohen Act, OMB Circular A-130 ("Management of Federal Information Resources"), and the Federal Information Security Management Act.

H. TSA staff performing financial management functions deployed throughout the organization are responsible for:

- (1) Performing the financial management functions identified above in compliance with federal financial management laws and regulations, including DHS and TSA policies and procedures.
- (2) Supporting TSA Annual Financial Statement Audit by providing timely, accurate, and complete financial data when required.
- (3) Providing accurate and timely data to support the financial reporting and audit process when requested. Requests may be in the form of data calls, audit requests, or other requests for data.
- (4) Ensuring vendors submit [TSA Form 251, Vendor Shipping and Receiving Report](#),

when a vendor ships sensitive and/or accountable property to TSA.

- (5) Ensuring the equipment is recorded into the Sunflower Asset Management System timely and accurately with the proper cost and location assigned.
- (6) Ensuring that all potential internal use software (IUS) is tracked and data provided to OIT and FMD for IUS completeness and capitalization. This includes ensuring the requirement for vendors to submit a Data Item Description with each invoice is included in the statement of work or performance work statement.
- (7) Reporting fraud, waste, abuse, mismanagement, criminal and administrative misconduct or workers' compensation fraud to their supervisor or the TSA Office of Inspection hotline at 571-227-1800 or [TSAInspectionHotline@dhs.gov](mailto:TSAInspectionHotline@dhs.gov).

## **6. POLICY:**

- A. As delegated by the TSA Administrator, the CFO has final authority and responsibility for financial management throughout TSA.
- B. The TSA FMM is TSA's official source for policies and procedures for specific financial management functions performed throughout the agency. The TSA FMM applies to TSA organizational elements, components, managers, and employees.
- C. TSA employees, especially those performing financial management functions, must comply with federal laws, regulations, TSA directives, the TSA FMM, and related policies and procedures regarding financial management. It is the responsibility of TSA employees to understand the financial reporting impact of the job function they perform and to provide accurate financial data in response to requests.
- D. The CFO may identify competencies and require training before an employee can perform a financial management function.
- E. Any TSA organizational element issuing local policies and procedures for financial management shall ensure those policies and procedures are consistent with DHS and TSA financial management directives and the TSA FMM. The FMD will review local draft policies and procedures developed by any organizational element to ensure consistency with the overarching financial management directives and the TSA FMM.
- F. Every TSA employee is primarily responsible for safeguarding Federal assets and the effective delivery of services to the public.
- G. All TSA employees must report fraud, waste and abuse, mismanagement, criminal and administrative misconduct or workers' compensation fraud to their supervisor or the TSA Office of Inspection hotline at 571-227-1800 or [TSAInspectionHotline@dhs.gov](mailto:TSAInspectionHotline@dhs.gov).

**7. PROCEDURES:**

- A. TSA components who wish to issue policies and procedures related to financial management functions should submit such guidance to the Director, FMD via [TSA\\_Financial\\_Policy@tsa.dhs.gov](mailto:TSA_Financial_Policy@tsa.dhs.gov) for review and approval/disapproval prior to issuance.
- B. Questions pertaining to financial management policy and procedures can be sent to the Financial Policy and Travel Branch via [TSA\\_Financial\\_Policy@tsa.dhs.gov](mailto:TSA_Financial_Policy@tsa.dhs.gov).
- C. Questions pertaining to the TSA Annual Financial Statement Audit process can be sent to the Audit Policy Branch via [TSAAuditPolicy@tsa.dhs.gov](mailto:TSAAuditPolicy@tsa.dhs.gov).
- D. The TSA FMM is maintained by FMD and can be found at the [FMM iShare site](#).

- 8. APPROVAL AND EFFECTIVE DATE:** This policy is approved and effective the date of signature unless otherwise specified.

**APPROVAL**

**Signed**

**June 8, 2016**

\_\_\_\_\_  
Pat A. Rose, Jr.  
Assistant Administrator/Chief Financial and  
Administrative Officer

\_\_\_\_\_  
Date

**EFFECTIVE**

\_\_\_\_\_  
Date

Distribution: Administrator, Deputy Administrator, Assistant Administrators, Regional Directors, Senior Field Executives, Federal Security Directors, Supervisory Air Marshals in Charge, Administrative Officers

Point-of-Contact: FMD, Financial Policy and Travel Branch,  
[TSA\\_Financial\\_Policy@tsa.dhs.gov](mailto:TSA_Financial_Policy@tsa.dhs.gov)